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IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 2001

Festo Corporation,

Petitioner,

v.

Shoketsu Kinzoku Kogyo Kabushiki Co, Ltd., a/k/a SMC Corporation and SMC Pneumatics, Inc.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF *AMICUS CURIAE* THE NATIONAL BAR ASSOCIATION IN SUPPORT OF PETITIONER

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BRIEF OF *AMICUS CURIAE* THE NATIONAL BAR ASSOCIATION IN SUPPORT OF PETITIONER

The National Bar Association submits this brief *amicus curiae* in support of petitioner in this case.[1]

[1] No counsel for any petitioner or respondent authored this brief in whole or in part. Nor did any person or entity, other than *amicus* or its counsel, make a monetary contribution to the preparation or submission of this brief. The National Bar Association has permission of the parties to submit this brief

INTEREST OF AMICUS CURIAE

The National Bar Association is the largest minority bar organization in the United States. It is dedicated to advancing the science of jurisprudence, upholding the honor of the legal profession, promoting social intercourse among the members of the bar, and protecting the civil and political rights of all citizens of the several states of the United States.

The National Bar Association comprises a diverse group of patent practitioners, including government officials, corporate counsel, patent litigators and patent prosecutors. The range of clientele represented among these practitioners is equally diverse, including both small and large corporations, academia, government and individual inventors. As would be expected, the membership within the National Bar Association has differing views on the merits of *Festo* -- based upon their personal expectations of the patent system as well as the interests of their individual clients.

This *amicus* brief is not, however, being submitted on behalf of any particular client of the members of the National Bar Association. Rather, the National Bar Association submits this brief on behalf of a voice that has not been heard in this dispute -- minorities that predominately comprise individual inventors and small businesses. These individuals' use of and access to the patent system is unduly limited by the Federal Circuit's *en banc* decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000). Accordingly, *Festo* must be overruled.

SUMMARY OF ARGUMENT

More than a century ago, the Supreme Court in *Winans v. Dimmead*, 56 U.S. 330 (1853), recognized the doctrine of equivalents as a means to provide full protection to the statutory patent grant. *See Graver Tank & Mfg. Co. v.*

Linde Air Prods. Co., 339 U.S. 605, 608 (1950). This doctrine assists the patentee in excluding copyists of the patented invention who do not literally infringe the patent claims.

Despite the laudable goals of the doctrine of equivalents, there exists a tension between this doctrine and the notice function of the Patent Statute. *See Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 28-29 (1997). Specifically, when applied unwisely, the doctrine of equivalents promotes uncertainty in interpreting the scope of patent claims. On the other hand, the patent statute requires that claims particularly point out and distinctly claim the patented invention. *See* 35 U.S.C. § 112. Nonetheless, when confined to its proper role, the doctrine of equivalents does *not* conflict with the Patent Statute.[2]

In the opinion below, the Federal Circuit once again grappled with this tension -- albeit in the context of prosecution history estoppel. Prosecution history estoppel operates to prevent an overly broad application of the doctrine of equivalents, thereby preserving the notice function of claim language. In essence, it functions to prevent the recapture of subject matter surrendered during prosecution. Although *Festo* raises a number of important issues, the paramount concern facing the court was resolving the tension between the doctrine of equivalents and the Patent Statute.

While applauding the Federal Circuit's meaningful intentions, the National Bar Association nonetheless believes

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[2] *See Warner-Jenkinson*, 520 U.S. at 28 ("Absent something more compelling than the dubious negative inference offered by petitioner, the lengthy history of the doctrine of equivalents strongly supports adherence to our refusal in *Graver Tank* to find that the Patent Act conflicts with that doctrine.").

that *Festo* must be overruled. Such action is required because *Festo* erects unnecessary barriers between the patent system and individual inventors and small businesses. First, *Festo* effectively prevents any meaningful written exchange between the patent applicant and the Patent Office. This exchange has traditionally given applicants with even limited knowledge of the patent laws meaningful access to the patent system. Second, *Festo* significantly increases the costs of patent prosecution to what can be prohibitively high levels for individual inventors and small businesses. Third, *Festo* adds a level of gamesmanship to patent prosecution practice that will more surely benefit individuals and companies with substantial financial resources. Such barriers to the patent system cannot be allowed to stand.

Rather than erecting unnecessary barriers, the patent laws should create incentives to patent. Specifically, individual inventors and small businesses need the incentives of a robust patent system in order to justify the effort and expense in seeking patent protection. Moreover, the patent system needs individual inventors and small businesses because they are an undeniable source of innovation. *See* J. Douglas Hawkins, *Importance and Access of International Patent Protection for the Independent Inventor*, 3 U. Balt. Intell. Prop. L.J. 145, 146 (1995) ("One of the most often cited reports on inventor input in technology innovation is a review of sixty-one of the most important inventions of the Twentieth Century, where it was found that over half of them stemmed from independent inventors or small firms.").

ARGUMENT

In *Festo*, the Federal Circuit placed paramount importance on the notice function of patent claims.[3] While this is an important goal, it does not require the destruction of the doctrine of equivalents. Moreover, this goal is nonetheless subservient to the Constitutional purpose of the patent system -- encouraging the disclosure of innovative ideas.[4] *Festo* dampens innovation by discouraging disclosure. Moreover, Judge Linn in dissent aptly noted that "the new bright line rule . . . wrongly sets in place a regime that increases cost and complexity of patent prosecution to the detriment of individual inventors, start-up companies, and others unable to bear these increased costs."[5]

Between 1983 and 1999 individual inventors and small companies accounted for nearly twenty-five percent of all patent applications filed by United States inventors.[6] As such, any barriers to patenting facing these applicants will have a significant impact upon the patent system. In the sections below, Part I discusses the disruption to traditional patent prosecution caused by *Festo*. Part II addresses the increased patent prosecution costs caused by *Festo*. Part III

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[3] *See* 234 F.3d at 575 ("Our decision to reject the flexible bar approach adopted in *Hughes I* comes after nearly twenty years of experience in performing our role as the sole court of appeals for patent matters. In those years, *the notice function of patent claims has become paramount, and the need for certainty as to the scope of patent protection has been emphasized.*") (emphasis added).

[4] *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989) ("Moreover, the ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure.").

[5] *See Festo*, 234 F.3d at 620 (Linn, J, concurring-in-part, dissenting-in-part).

[6] These statistics are based upon figures obtained from the United States Patent Office.

addresses *Festo's* more profound impact on minority inventors and businesses.

I. Festo Subverts The Traditional Exchange Between Patent Applicants and the Patent Office

Obtaining a United States patent has typically involved an "iterative process" of give and take between the applicant and the Patent Office. This fact was echoed in the opinion below.[7] The exchange between the patent applicant and the Patent Office is particularly important given the United States' peripheral claiming system. Under this system, the patent applicant traditionally files broad claims that are narrowed during prosecution through a recorded exchange with the Patent Office.[8] This process normally proceeds in the following manner.

The applicant initially files a patent application with the Patent Office. The Patent Office then assigns the application to a particular technology sector. That technology sector then assigns the application to a particular patent examiner. That examiner will then search the prior art to determine if the application contains patentable subject matter. The patent examiner will then issue an office action, almost always rejecting one or more claims in light of references uncovered during the examiner's search of the

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[7] *Festo*, 234 F.3d at 618 ("Patent prosecution is an iterative process in which the applicant typically submits claims that are thought to be allowable, the examiner rejects the claims in view of the prior art, and the applicant then amends the claims to traverse the examiner's patentability rejections.") (Michel, J.; concurring-in-part, dissenting-in-part).

[8] *See Festo*, 234 F.3d at 592 ("Past practice has been to claim broadly in the initial application for a patent, and then negotiate with the United States Patent and Trademark Office through one or more rejections until arriving at a mutually acceptable set of claims.") (Plager, J., concurring).

prior art.[9] The examiner may also reject the application for matters of form, such as unclear claim language.

In response to the examiner's rejections, the applicant will normally amend the claim language by adding further limitations. The applicant will also argue why the added limitations distinguish the claims over the prior art. In addition, the applicant may change the wording of the claims to make them more understandable. The examiner will then review the applicant's response and either (i) allow the application to issue as a patent or (ii) maintain the rejections in a subsequent office action. If the examiner follows the latter course, the applicant can submit additional amendments and arguments, and request an interview with the examiner in order to determine if the application contains patentable subject matter. Assuming that the application does in fact contain patentable subject matter, the application should issue as a patent. Once the patent issues, the recorded exchange between the applicant and the Patent Office becomes publicly available. This public record, called the file wrapper, provides further clarification -- beyond the claims themselves -- regarding the scope of the patent.[10] The above-described process is a well-recognized and longstanding practice in the United States.

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[9] *See Festo*, 234 F.3d at 618 ("The vast majority of patent applications contain claims that are initially rejected in view of the prior art, and are only allowed after being amended.") (Michel, J., concurring-in-part, dissenting-in-part).

[10] *Festo*, 234 F.3d at 599 ("When a patent applicant narrows his claims during prosecution by adding a limitation to traverse a prior art rejection, the substance of the communication between the applicant and the examiner may *further* notify the public as to additional limits on the enforceable scope of the patent claims.") (Linn, J, concurring-in-part, dissenting-in-part).

A. The Court in Warner-Jenkinson Did Not Intend To Upset Traditional Patent Practice

In *Warner-Jenkinson*, this Court cautioned the Federal Circuit not to upset the traditional expectations between patent applicants and the Patent Office. *See* 520 U.S. at 31-32 ("[W]e should be extremely reluctant to upset the basic assumptions of the PTO without substantial reasons for doing so."). This was an important point because the exchange between the applicant and the Patent Office is an essential part of the patent system. This is especially true for individual inventors and small businesses that normally prosecute applications with very limited budgets.

Indeed, the Patent Office assists less sophisticated patent applicants when such assistance will help these applicants obtain a patent.[11] This practice ensures that every applicant -- even those with limited resources -- has meaningful access to the patent system.

The exchange between the applicant and the Patent Office has importance beyond the assistance specifically

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[11] *See* Manual of Patent Examining Procedure ("M.P.E.P.") § 707.07(j) (7th ed. 2000):

> When, during the examination of a pro se application it becomes apparent to the examiner that there is patentable subject matter disclosed in the application, the examiner should draft one or more claims for the applicant and indicate in his or her action that such claims would be allowed if incorporated in the application by amendment.
>
> This practice will expedite prosecution and offer a service to individual inventors not represented by a registered patent attorney or agent. *Although this practice may be desirable and is permissible in any case deemed appropriate by the examiner, it will be expected to be applied in all cases where it is apparent that the applicant is unfamiliar with the proper preparation and prosecution of patent applications.* (emphasis added).

allowed by the rules. For example, because it is not required,[12] patent applicants with limited resources do not normally perform an extensive review of the prior art before filing an application. Therefore, the applicant's exchange with the examiner brings the relevant prior art to his or her attention.[13] Moreover, without the expertise of sophisticated patent counsel, the claims initially presented in an application will ordinarily not reflect the precise contours of the applicant's invention.[14] The exchange with the examiner helps the applicant refine the claim language. As such, the exchange between the applicant and the Patent Office is an important tool for defining the scope of the applicant's invention -- both for the applicant and for the public. *See In re Zletz*, 893 F.2d 319, 322 (Fed. Cir. 1989):

> [D]uring patent prosecution when claims can be amended, ambiguities should be recognized, scope and breadth of language explored, and clarification imposed. . . . An essential purpose of patent examination is to fashion claims that are precise, clear, correct, and unambiguous. Only in this way can uncertainties of claim scope be removed, as

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[12] *Accord* M.P.E.P. § 609

[13] *Accord Festo*, 234 F.3d at 622 ("Moreover, while an inventor is often aware of relevant prior art relating to the area he is developing, he is not always fully cognizant of all the relevant prior art until after his application has been filed, thus again necessitating some fine tuning of claim language after the application filing has been made.") (Linn, J, concurring-in-part, dissenting-in-part).

[14] *Accord Id.* at 621 ("Due to the inherent limitations of language, the fit between the description and the concept is almost always inexact.") (Linn, J, concurring-in-part, dissenting-in-part).

much as possible, during the administrative process.[15]

Despite the undeniable benefits of the applicant's exchange with the Patent Office, it has traditionally come at a price. Specifically, the record created by this exchange may create an estoppel. *See Festo*, 234 F.3d at 564-65 ("The logic of prosecution history estoppel is that the patentee, during prosecution, has created a record that fairly notifies the public that the patentee has surrendered the right to claim particular matter as within the reach of the patent."). Moreover, the record has normally been strictly construed against the applicant.[16] As such, traditional patent prosecution practice has normally penalized applicants for their actions before the Patent Office -- but never so severely as with the rule pronounced in *Festo*.[17]

Festo dramatically alters traditional patent prosecution practice.[18] In particular, *Festo* changes the traditional rule that only certain amendments -- normally relating to prior art -- could narrow the scope of the patent

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[15] *See also Festo*, 234 F.3d at 626 ("Paradoxically, the scope and meaning of claim limitations may be more easily discerned for amended limitations, as compared with originally drafted claim limitations, based on the record developed during prosecution.") (Linn, J., concurring-in-part, dissenting-in-part).

[16] *Hubbell v. United States*, 179 U.S. 77, 83-84 (1900) (holding that amendments "must be strictly construed against the inventor and in favor of the public, and looked upon as in the nature of disclaimer").

[17] Prior to *Festo*, the overwhelming majority of cases adopted a flexible bar approach. *See Festo*, 234 F.3d at 610-11 (Michel, J, concurring-in-part, dissenting-in-part).

[18] *Accord Festo*, 234 F.3d at 592 ("Under the new rules of engagement, [traditional prosecution practice] will create full prosecution history estoppel regarding every limitation that is amended for patentability reasons, a term now broadly defined.") (Plager, J., concurring).

claim. *See Warner-Jenkinson*, 520 U.S. at 30-31 ("In each of our cases . . . prosecution history was tied to amendments made to avoid the prior art, or otherwise to address a specific concern -- such as obviousness -- that arguably would have rendered the claimed subject matter unpatentable."). *Festo* also jettisons the traditional reasonableness approach to the scope of estoppel.[19] In its place, the majority erects a bright line rule that bars any range of equivalents for amendments relating to patentability -- a term bounded only by the Patent Statute.[20] As discussed below, *Festo's* new bright line approach will, *inter alia*, deprive the public of any meaningful prosecution record.

B. Festo Encourages Applicants To Avoid Making Statements or Amendments in the Public Record

While *Festo* does not foreclose the traditional exchange between the applicant and the Patent Office, it does render the resulting patent more susceptible to copyists.[21] This is because the patent's coverage will, in most cases, be limited to a literal reading of any amended claim elements. In such a case, the patent is substantially weakened. *See Graver Tank*, 339 U.S. at 607 ("[C]ourts have . . . recognized that to permit imitation of a patented invention which does

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[19] *See Bayer AG v. Elan Pharm. Research Corp.*, 212 F.3d 1241, 1254 (Fed. Cir.), *cert. denied*, 531 U.S. 993 (2000) ("Prosecution history estoppel is a 'legal matter . . . guided by equitable and public policy principles underlying the doctrines involved and by the facts of the particular case.'") (quotation omitted).

[20] 234 F.3d at 574 ("We hold that prosecution history estoppel acts as a complete bar to the application of the doctrine of equivalents when an amendment has narrowed the scope of a claim for a reason relating to patentability.").

[21] *See Festo*, 234 F.3d at 600-01 (Michel, J., concurring-in-part, dissenting-in-part).

not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing.").

To thwart copyists, applicants must now avoid all narrowing amendments in order to obtain any meaningful patent protection. This creates a nearly insurmountable obstacle for applicants that cannot afford sophisticated patent counsel. Specifically, to avoid the preclusive effects of *Festo*, an applicant may be required to conduct a thorough pre-filing search of the prior art in order to craft near-perfect patent claims. Otherwise, any amendment required to overcome the prior art will invoke *Festo's* complete bar. If nonetheless faced with a rejection, the applicant must now be able to appeal an examiner's rejection all the way through the federal courts, if necessary. The cost and complexity associated with these tasks will challenge most Fortune 500 companies, let alone individual inventors and small businesses. Indeed, without sophisticated patent counsel, many applicants' access to the patent system will be illusory at best. The framers of the Constitution never intended such a result. Moreover, such a result is precluded by this Court's decision in *Warner-Jenkinson*.

C. Warner-Jenkinson Expressly Held That Only A "Limited Set Of Reasons" Can Invoke Prosecution History Estoppel

In answering *en banc* question number one, the Federal Circuit held that "a substantial reason relating to patentability" includes any reason relating to the statutory requirements for a patent. *See* 234 F.3d at 563. This holding conflicts with *Warner-Jenkinson*. In particular, *Warner-Jenkinson* held that estoppel applies only to "a limited set of reasons." 520 U.S. at 32. Petitioner and the dissenters below

have squarely addressed this issue, therefore, the National Bar Association will not burden this Court with repetitive argument. *See* Sup. Ct. R. 37.1.[22] It is sufficient to note the clear conflict between *Warner-Jenkinson* and *Festo's* holding that, regardless of the reason, every amendment relating to patentability creates an estoppel.

D. Warner-Jenkinson Permits A Flexible Approach

In answering *en banc* question number three, the majority in *Festo* held that once prosecution history estoppel is properly invoked there is no permissible range of equivalents. 234 F.3d at 564. Unfortunately, *Warner-Jenkinson* left this issue open for debate. On one hand, this Court held that so long as the doctrine of equivalents is applied on an element-by-element basis and subject to prosecution history estoppel "we are confident that the doctrine will not vitiate the central functions of the patent claims themselves." *Warner-Jenkinson*, 520 U.S. at 29-30. Petitioner and the *Festo* dissenters cite this language to demonstrate this Court's acceptance of the flexible bar approach. Conversely, this Court also held that where an unexplained and unrebutted amendment is for a substantial reason related to patentability, "prosecution history estoppel would bar application of the doctrine of equivalents as to that element." *Warner-Jenkinson*, 520 U.S. at 33. Respondent and the *Festo* majority seize this language as support for the complete bar approach.

In resolving this issue, the National Bar Association urges this Court to adhere to the flexible bar approach.

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[22] Like Petitioner, the National Bar Association also disagrees with the retroactive effect of *Festo*. But, again, will not burden this Court with repetitive argument.

Indeed, the complete bar approach adopted by *Festo* "upsets the Supreme Court's balance between the competing needs of sufficient public notice and meaningful patent protection."[23] This is because innovation can only be assured where applicants are able to obtain meaningful patent protection and have sufficient incentive in order to do so.

The *Festo* majority's belief that "certainty will stimulate investment in improvements and design-arounds because the risk of infringement will be easier to determine"[24] is simply wrong. Indeed, this conclusion erroneously presupposes that a copyist's goal is to innovate. This is not the case. A copyist's primary interest is profit gained with minimal investment:

> The innovator takes the risk of commercial success or failure of new things in the market . . . The imitator bears none of these risks; he is interested only in the successful products, not the failures; he moves in only after the invention has been made and tested and the market developed, and can operate at lower margins.[25]

Any law that encourages innovation necessarily takes into account the underlying purpose of the copyist. The complete bar approach does not. The following example derived from the facts of *Graver Tank* illustrates this point.

Suppose that company A is the owner of a patent to a new electric welding process that is superior to any other

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[23] *Festo*, 234 F.3d at 600 (Michel, J., concurring-in-part, dissenting-in-part).

[24] *Festo*, 234 F.3d at 577.

[25] *Festo*, 234 F.3d at 640 (Newman, J., concurring-in-part, dissenting-in-part).

process in the market. Now suppose that company B wants to get into the market. And upon suggestion by its patent counsel, company B orders the file wrapper for company A's patent. In that file wrapper, company B learns that the patent claims as originally filed included an element directed to a "flux." However, due to an examiner's rejection the element was amended to recite a "flux containing a major proportion of alkaline earth metal silicate." Under the complete bar adopted by *Festo*, company B would be certain that the claim only covered a flux containing a major proportion of alkaline earth metal silicate -- and nothing more.

Armed with this knowledge, company B could either (i) invest in research and develop its own electric welding process or (ii) it could simply mimic the teachings of company A's patent and use a flux composed mainly of manganese silicate, as did the accused infringer in *Graver Tank*. Because company B's primary purpose for entering the market is to make a profit, it has less economic incentive to create its own product.[26] As such, company B could simply mimic the patent and avoid liability due to an insubstantial change in the flux. The majority in *Festo* considers such a result an appropriate outcome of a patent system that promotes certainty. This Court in *Graver Tank*, however, thought that it would be "difficult to conceive of a case more appropriate for application of the doctrine of equivalents." 339 U.S. at 612.

Now consider the same example under a flexible bar approach. Company B's choices would be different because of the stronger protection afforded the patent. In such a case,

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[26] *Accord Festo*, 234 F.3d at 600-01 ("Under the majorities approach, anyone who wants to steal a patentee's technology need only review the prosecution history to identify patentability-related amendments and then make a trivial modification. . . . All other limitations may be copied precisely.") (Michel, J., concurring-in-part, dissenting-in-part).

company B could either (i) seek a license from the patentee or (ii) invest in research and develop a product substantially outside the scope of the claim. These choices facing company B are the choices intended by the Constitution. Specifically, requiring competitors to seek a license gives effect to the patent grant. Indeed, this Court must be mindful that the Constitutional patent grant is in fact a limited right to exclude other from making, using, selling, or importing the patented product and its equivalents.[27] The flexible bar approach clearly places control over the patented invention and its equivalents in the hands of the patentee.[28]

The second choice facing company B is also a result intended by the Constitution. Indeed, because the competitor must stay farther away from the literal language of the claims and their equivalents, any new product will truly have to be innovative. Otherwise, the competitor will risk infringing the patent. The competitor may also avoid the patent by practicing the prior art.[29] Under either scenario, the patentee obtains meaningful patent protection and the competitor has viable alternatives.

The policy concerns argued by the *Festo* majority -- clarity and predictability from notice -- should not override the Constitution. Accordingly, this Court must maintain a

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[27] *See* Title 35, United States Code

[28] *See Festo*, 234 F.3d at 640 ("The patent system provides weight on the side of the innovator") (Newman, J., concurring-in-part, dissenting-in-part).

[29] *See Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966) ("Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available."); *accord Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 351 (1924) ("[T]he state of the art may be used to construe and narrow the claims of the patent, conceding their validity.").

strong patent system in order to give effect to the Constitution. Anything less would render the patentee's right to exclude a "hollow and useless thing." *Graver Tank*, 339 U.S. at 607.

II. *Festo* Will Increase The Costs of Patent Prosecution, Only To Hurt Individual Inventors and Small Businesses

As detailed above, *Festo* will certainly add complexity to patent prosecution. And, this complexity will invariably translate into higher costs to prosecute a patent.[30] For example, in order to file a claim that does not read on the prior art, the applicant must in the first instance have a solid understanding of the prior art. This costs money. Even in less complex technologies, a thorough, quality prior art search and novelty opinion normally costs a few thousand dollars. This is not a trivial amount from the viewpoint of an individual inventor or a small company.[31]

Once the search is complete, the applicant still must draft a set of claims narrowly tailored to avoid any patentability rejections, including those under 35 U.S.C. §§ 102, 103 and 112.[32] As any practitioner can attest, claim drafting is a very complex process that requires a thorough knowledge of the art and a level of skill that only experience can bring. In other words, the applicant is going to need

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[30] *Festo*, 234 F.3d at 624 ("This will result in protracted prosecution and dramatically increased costs for many applications.) (Linn, J., concurring-in-part, dissenting-in-part).

[31] *See generally* Note, *In the Process of Controverting Its Constitutionally Given Purpose The U.S. Patent System Discriminates Against Inventors With Limited Financial Means*, 11 Law & Ineq. 565 (1993).

[32] Whether "a substantial reason relating to patentability" as a practical matter will include more than sections 102, 103 and 112 is not clear under *Festo*.

sophisticated patent counsel. Again, this costs money. Most skilled patent prosecutors charge several thousands of dollars to draft and file a patent application, exclusive of filing fees. Such costs alone can weigh heavily on the decision of an individual inventor or small company whether to even file for patent protection.

Once the application is filed, the applicant will still need to respond to the Patent Office. Because most, if not all, rejections are now a potential bar, the applicant will be able to make very few amendments. As such, the applicant will have limited options when faced with a patentability rejection.[33] One such option is to simply argue against the rejection, without any amendments, and hope that the examiner allows the claim to issue. However, this option will raise the possibility of an argument-based estoppel which, presumably,[34] will also invoke a complete bar.

Another option is to simply bypass the rejection by abandoning the application and filing a new one. The applicant could then present claims in the new application that are crafted to avoid the prior rejection. This, however, may also raise a complete bar under *Festo*.[35] Yet another option -- the safest route -- would be to appeal the rejection

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[33] Indeed, some applicants may simply quit when faced with a patentability rejection. *See Festo*, 234 F.3d at 618 ("[T]his court's imposition of a complete bar creates a perverse incentive for patent applicants, *particularly those who are financially unable to invoke the appeals process*, to simply abandon their applications.") (Michel, J, concurring-in-part, dissenting-in-part) (emphasis added).

[34] The Federal Circuit did not squarely address the limiting effects of argument-based estoppel, although the opinion suggests that it too will be applied under a complete bar approach. *See Festo*, 234 F.3d at 568-69.

[35] Although not specifically addressed in Festo, it appears that such action would be considered a "voluntary amendment" under *Festo*, thereby invoking a complete bar.

to the Board of Patent Appeals and Interferences or, if unsuccessful, to the federal courts. Each of these options, especially the latter, will require the time and expense of sophisticated patent counsel. The expense and complexity of either option will be a significant burden to individual inventors and small businesses.[36] These burdens will not, however, have the same impact for wealthy corporations.

In the end, the only effect of *Festo* upon wealthy corporations will be an increase in their patent prosecution budgets. Specifically, corporations with large prosecution budgets will more readily be able to adapt to the new rules fashioned by *Festo*. Indeed, they may accrue new benefits not realized under the old rules. This point was raised in the concurring opinion of Judge Plager:

> Patent counsels may decide that past practice gives up too much under the new rules, and instead may start claiming narrowly with the hope of avoiding rejections and consequent amendments . . .
>
> An unintended consequence, however, may be that patent litigation will lean ever more heavily on the doctrine of equivalents . . . Since today's decision does not change the basic rule of analysis for infringement under the doctrine of equivalents, the outcome of those cases will continue to be tested under the pre-existing "insubstantial differences" and its surrogate "function-way-result," with

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[36] *See Festo*, 234 F.3d at 624 ("In my view, this will most detrimentally impact individual inventors and start-up companies, and may have the effect of impeding, not advancing, technological progress, contrary to the purpose of the patent system.") (Linn, J., concurring-in-part, dissenting-in-part).

all the game-playing those indeterminate phrases provide. *Festo*, 234 F.3d at 592-93.

Moreover, wealthy corporations will have the means to file a large number of narrow claims that will give them patent scope commensurate to the traditional practice of filing only a few broad claims. If these claims pass through the Patent Office unamended -- as could be the case -- then the expectations of the majority in *Festo* for more certainty in claim scope will certainly go unmet.

III. Minority Businesses Will Be More Profoundly Impacted By *Festo*

Festo's increased patent prosecution costs will have a more profound impact upon minority businesses. This is because these businesses have traditionally had the least access to capital, a fact that has been well studied and chronicled:

> Research by the Milken Institute, the Federal Reserve Bank and others have demonstrated how constrained minority businesses are by unequal access to capital. Minority firms receive just 2% of all private equity investments and only 3% of the federal government's Small Business Investment Corp. dollars.[37]

Moreover, this lack of capital has normally meant that many minority businesses are barely able to stay afloat, let alone afford sophisticated patent counsel. When faced with an economic choice between operating expenses or patent

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[37] Glenn Yago, *A Flourishing Business Base Needs Minority Entrepreneurs*, L.A. Times, April 23, 2001, at B7.

protection, the logical choice of most businesses would be to not file for patent protection. This is unfortunate. Patent rights are important Constitutional rights for all United States citizens.[38] Moreover, the technological prominence of the United States depends upon contributions from every segment of our society. No group has a monopoly on creativity. As such, the Constitutional purpose of the patent system can only be achieved by providing meaningful access to the patent system for everyone. The Constitution aims for nothing less.

CONCLUSION

For all of the foregoing reasons, *amicus* respectfully urges that the judgment of the United States Court of Appeals for the Federal Circuit be reversed.

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[38] *See* Note, *In the Process of Controverting Its Constitutionally Given Purpose The U.S. Patent System Discriminates Against Inventors With Limited Financial Means*, 11 Law & Ineq. 565, 577 (1993) ("[T]he patent right to exclude originates in the Constitution; thus, every American has a right to an equal opportunity to acquire it. . . . [W]hen everyone with a patentable invention does not have an equal opportunity to acquire patent rights, the purpose of the patent system is undermined.").

Respectfully Submitted,

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